



General Assembly

January Session, 2003

Amendment

LCO No. 6534

SB0103506534SD0

Offered by:

SEN. FINCH, 22nd Dist.

SEN. SMITH, 14th Dist.

To: Subst. Senate Bill No. 1035

File No. 632

Cal. No. 412

**"AN ACT CONCERNING WHITE COLLAR CRIME ENFORCEMENT,
THE CONNECTICUT UNIFORM SECURITIES ACT AND
CORPORATE FRAUD ACCOUNTABILITY."**

1 Strike section 37 in its entirety and substitute the following in lieu
2 thereof:

3 "Sec. 37. (NEW) (*Effective October 1, 2003*) No accountant who
4 conducts an audit of a publicly held corporation shall alter, destroy or
5 conceal any documents sent, received or created in connection with
6 such audit and containing conclusions, opinions, analyses, or financial
7 data related to such audit for a period extending from the end of the
8 fiscal period in which the audit was concluded until seven years after
9 the conclusion of the audit."

10 Strike section 38 in its entirety and substitute the following in lieu
11 thereof:

12 "Sec. 38. (NEW) (*Effective October 1, 2003*) (a) Each officer of a

13 corporation organized under the laws of this state or authorized to
14 transact business in this state who is subject to the requirements of 18
15 USC 1350 shall certify, in the manner set forth in said section and the
16 rules and regulations adopted under said section by the United States
17 Securities and Exchange Commission, and as from time to time
18 amended, that the financial statements of the corporation fairly
19 present, in all material respects, the financial condition and results of
20 operations of the corporation.

21 (b) (1) Any chief executive officer or chief financial officer under
22 subsection (a) of this section who certifies a financial statement of the
23 corporation knowing that the statement does not fairly represent, in all
24 material respects, the financial condition and results of operations of
25 the corporation shall be fined not more than one million dollars or
26 imprisoned not more than ten years, or both.

27 (2) Any chief executive officer or chief financial officer under
28 subsection (a) of this section who wilfully certifies a financial statement
29 of the corporation knowing that the statement does not fairly
30 represent, in all material respects, the financial condition and results of
31 operations of the corporation shall be fined not more than five million
32 dollars or imprisoned not more than twenty years, or both."

33 Strike section 40 in its entirety and substitute the following in lieu
34 thereof:

35 "Sec. 40. (NEW) (*Effective October 1, 2003*) (a) A violation of section
36 35 or sections 37 to 39, inclusive, of this act shall be deemed an unfair
37 or deceptive trade practice under subsection (a) of section 42-110b of
38 the general statutes, provided the provisions of section 42-110g of the
39 general statutes shall not apply to such violation."

40 Strike section 45 in its entirety and substitute the following in lieu
41 thereof:

42 "Sec. 45. Subsection (a) of section 20-281a of the general statutes is
43 repealed and the following is substituted in lieu thereof (*Effective*

44 *October 1, 2003*):

45 (a) After notice and hearing pursuant to section 20-280c, the board
46 may revoke any certificate, license or permit issued under section 20-
47 281c, 20-281d or 20-281e; suspend any such certificate, registration,
48 license or permit or refuse to renew any such certificate, license or
49 permit; reprimand, censure, or limit the scope of practice of any
50 licensee; impose a civil penalty not exceeding [one] fifty thousand
51 dollars upon licensees or others violating provisions of section 20-281g
52 or place any licensee on probation, all with or without terms,
53 conditions and limitations, for any one or more of the following
54 reasons, provided any such discipline imposed by the board solely for
55 reasons listed in subdivision (4) of this subsection shall not exceed in
56 severity the sanctions under said subdivision (4):

57 (1) Fraud or deceit in obtaining a certificate, registration, license or
58 permit;

59 (2) Cancellation, revocation, suspension or refusal to renew
60 authority to engage in the practice of public accountancy in any other
61 state for any cause;

62 (3) Failure, on the part of a holder of a license or permit under
63 section 20-281d or 20-281e, to maintain compliance with the
64 requirements for issuance or renewal of such license or permit or to
65 report changes to the board under subsection (g) of section 20-281d or
66 subsection (f) of section 20-281e;

67 (4) [Revocation] Discipline by, or revocation or suspension of the
68 right to practice before, any state or federal agency that regulates the
69 practice of public accountancy, or discipline by, or revocation or
70 suspension of such right to practice by, the Public Company
71 Accounting Oversight Board under the Sarbanes-Oxley Act of 2002;

72 (5) Dishonesty, fraud or negligence in the practice of public
73 accountancy or in the filing or failure to file his own income tax
74 returns;

- 75 (6) Violation of any provision of sections 20-279b to 20-281m,
76 inclusive, or regulation adopted by the board under said sections;
- 77 (7) Violation of any rule of professional conduct adopted by the
78 board under subdivision (4) of subsection (g) of section 20-280;
- 79 (8) Conviction of a felony, or of any crime an element of which is
80 dishonesty or fraud, under the laws of the United States, of this state,
81 or of any other state if the acts involved would have constituted a
82 crime under the laws of this state, subject to the provisions of section
83 46a-80;
- 84 (9) Performance of any fraudulent act while holding a registration,
85 certificate, license or permit issued under sections 20-279b to 20-281m,
86 inclusive, or prior law;
- 87 (10) Any conduct reflecting adversely upon the licensee's fitness to
88 engage in the practice of public accountancy; and
- 89 (11) Violation by anyone of any provision of section 20-281g."
- 90 In line 1676, strike "seven years" and insert the following in lieu
91 thereof: "the period described in section 37 of this act"